



Lesson One

What is Money?

Introduction:

This lesson will trace the history of money and introduce students to the concept of money as a medium of exchange.

Objectives:

- To explore why there is so much importance attached to money and discuss ways to use money wisely.
- To draw students' attention away from money as a symbol of power or status and focus their attention on its basic role as a medium of exchange.
- To make students more aware of their own ideas and attitudes about money.
- To make students aware that having money means making choices and being responsible.

Suggested Materials/Speakers:

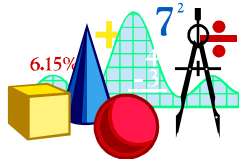
- *The Story of Money* by Betsy Maestro
- *The Totally Awesome Money Book for Kids* by Andrian Berg and Arthur Berg Bochner
- *Once Upon a Dime Comic Book* - Federal Reserve Bank New York. Call 212-720-6134 to order.
- *Why Money was Invented* by Neale S. Godfrey
- *How to Teach Children About Money* by Peggy Houser
- *Money Doesn't Grow on Trees: A Parent's Guide to Raising Financially Responsible Children* by Neale S. Godfrey
- *The Kid's Guide to Money: Earning It, Saving It, Spending It, Growing It, Sharing It* by Steve Otfinoski

Suggested Activities/Homework:



Creative Arts

- Sponsor a Barter Day – Present an exchange skit for the class.
- Select a specific coin and demonstrate the things it can buy.
- Act out a current form of bartering (ex. baseball cards, stickers).
- Split the class into groups, each representing their own village. Come up with reasons why it would be better to have a monetary system instead of bartering. Explain these reasons to the class.
- Set a dollar amount (\$50, \$100) and have students make a collage of those items they could buy within that amount.



Math

- How many pennies are in one million dollars? How many dimes, quarters, half-dollars? How many five dollar bills? How many ten, twenty, fifty, one hundred-dollar bills?
- Design math problems to see how long it would take to save a certain amount of money based on allowance or doing chores. (For example, if you saved your \$5.00 weekly allowance, how long would it take you to save for a \$100 bicycle. If you mowed lawns in the neighborhood for \$10 each, how many lawns would you have to mow to save for a \$200 bicycle?)



Language Arts

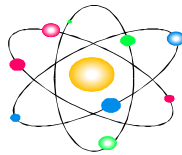
- Ongoing - Start a journal to keep all essays and vocabulary.
- Write a journal entry that describes why your village decided to change from bartering to using money.
- Write a story "If I Had A Million Dollars..."

- Bring in newspaper articles about money issues and discuss them in class.
- Interview family members and write down ways in which they have bartered. Present them in class.
- Read the Federal Reserve Bank comic book on the history of money. (Call the Federal Reserve at 617-973-3989 to receive these materials.)



Social Studies

- What did people do before there was money? What was used to barter?
- What did Native Americans use as a medium of exchange?
- Where was the first system of money used?
- Bring in any foreign coins you may have and compare the value of these coins to pennies, nickels, dimes, and quarters.



Science

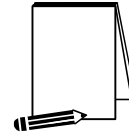
- Put \$1.00 worth of pennies on a scale. How many dimes could balance the scale? Try this with nickels and quarters.
- Why was certain metal used in different coin denominations?
- Why did people switch from coins to paper as a form of currency?



Computer

- Make an eye-catching advertisement for "Barter Day" show what you have to trade and what you would like to trade for.

Attachments



- *The Story of Money*: Lesson Material, Glossary and Web Sites
- *Money Expressions*: Various phrases about money
- *World Money*: Activity on calculating foreign currency
- *Match the Money*: Activity on adding up money and matching it with what it can buy

THE STORY OF MONEY:

What is money?

Money is a medium of exchange; anything that is generally accepted as a means of payment. It is anything that is commonly accepted by a group of people for the exchange of goods or services. The system of coins and paper currency that we use in the United States exists to enable people to obtain the goods and services they need in a convenient way.

We can go anywhere in our country and pay for whatever we may need. United States dollars are easily recognized and accepted even by some foreign countries. This was not always the case. The uniform system of coins and paper dollars we use today is less than 100 years old. For thousands of years people didn't even use money, people used a system called **barter**.

What is Barter?

Barter is the exchange of goods or services for other goods or services. Bartering is not as complicated as it sounds. Most people have bartered at one time or another. For instance, have you ever exchanged something you didn't want in your lunch for something you liked in someone else's? That's bartering.

For centuries, barter was the principal medium of exchange all over the world. Neighbors bartered with each other. People from different tribes or countries also bartered.

Bartering, however, did present some problems. For example, if a fisherman needed a fishing net and was prepared to offer a bucket of fish as payment, he needed to find someone with a fishing net who was willing to accept fish as payment. What if no one wanted fish? What if someone would only trade for rice? Imagine how difficult it might be to obtain a lamp, bread, or a pair of shoes if no one accepted what you had to trade as payment. Often people traded for things they did not want, hoping that they could later exchange it for something they did really need.

What is a Commodity?

As nations developed and people began to see the need for some common medium of exchange, "commodity money" came into existence. ***A commodity is a basic item used by almost everyone. Items such as salt, tea, tobacco, cattle and seeds are commodities and have been used as money.*** Through the use of commodities, trade became easier since almost everyone needed or wanted these items.

Although trade became easier, problems still existed. To serve as a medium of exchange, an item must have a clear measurement of worth. Using commodities as money required figuring out how much every item was worth. In addition, it was difficult to transport perishable commodities.

Coins were introduced as money around 5000 B.C. By 700 B.C., countries made their own series of coins with specific values. Metal was the material of choice because it was readily available, easy to work with, and could be recycled. When each coin was given a certain value, it became easier for people to compare the costs of the items they needed. Coins were easier to carry around than commodities, but a lot of coins were heavy. Imagine the weight of a trunk full of coins! Over time, people looked for another form of money and discovered paper. Some of the earliest known paper money dates back to 1300 A.D.

In America, the early settlers often bartered or used commodity money. As individual states were formed, the use of paper money became more popular. After the Civil War, a new monetary system was established. Since 1877, the United States Treasury has issued all paper money. This means that we have one system of money used in all fifty states.

Glossary



Barter	To trade goods and/or services for other goods and/or services without exchanging money.
Commodity	A basic item used by almost everyone. For example, salt, tea, tobacco, cattle, and seeds.
Currency	The various paper and coin instruments in circulation which are accepted by a given group (usually a country or nation).
Goods	Anything that you can trade with someone.
Money	A medium of exchange; any item that is commonly accepted by a group of people for the exchange of goods and/or services.
Service	Any work that you do for someone else.

RELATED WEB SITES

Web Site	Topic
www.moneyfactory.com	Bureau of Printing and Engraving
www.silverbank.com	Coins of Spanish colonies
www.frbsf.org	Federal Reserve Bank of San Francisco
www.frbsf.org/federalreserve/money/index.html	Fun facts about money
www.mmforkids.org/kids/kids_index.html	Money matters for kids
www.math.montana.edu/~umsfwest/numis/	Roman and Greek coins
www.moneyfactory.com/kids/start.html	Money facts & games

Money Expressions



Phrases about money are part of our language. Many times a phrase or expression has a different meaning from the regular meaning of the separate words in it. These phrases or expressions are called idioms. For example, “to catch someone’s eye,” really means “to get someone’s attention.” See if you can figure out what these idioms using money really mean.

Put Your Money Where Your Mouth Is
It's As Good As Money in the Bank
Don't Let Him Nickel And Dime You
Look/Feel Like A Million Dollars
Putting In Your Two Cents' Worth
Have Money to Burn
Red Cent
Good as Gold
Coin A Phrase
Money Up Front
Two Bits
Wasn't Worth Two Cents
Cash On the Barrel Head
Wooden Nickel
A Penny for Your Thoughts

Money Bags
Pass The Buck
Strike It Rich
Foot the Bill
Penny Pincher
Drives A Hard Bargain
Heart Of Gold
It's Your Nickel
Rolling In the Dough
A Dime A Dozen
Plugged Nickel
Throw Your Money Away
Use Ten Dollar Words
Saving For A Rainy Day

World Money

The most widely circulated currency in the world is the U.S. Dollar!



Country	Currency
United States	Dollar
France	Franc
Germany	Mark
Japan	Yen
Pakistan	Rupee
England	Pound
Mexico	Peso
Luxembourg	Euro
Kenya	Shilling
China	Yuan
Israel	Shekel
Greece	Drachmae
Russia	Ruble
Portugal	Escudo

Activity:

Look at paper money from other countries. What is different or the same as the U.S. dollar?

Call a bank or use a daily newspaper to find the exchange rates for foreign currency.

Practice calculating cost with foreign money:

Equivalent cost in				
Product	U.S. Dollar	Mexico	France	Japan
Movie Ticket				
Athletic Shoes				
Bicycle				
CD				
Computer				
Ice Cream Cone				
Lunch at McDonald's				
Roller Blades				
Watch				

* Check the paper next week to see how the rates fluctuate

Match the Money

Figure out what the money adds up to and match it with what you can buy!

